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Chapter 11 Trustee

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General Bankruptcy Counsel for Michael A.
McConnell, Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
NORTHERN DIVISION

In re
HVI CAT CANYON, INC.,
Debtor.

Case No.: 9:19-bk-11573-MB

Chapter 11

**CHAPTER 11 TRUSTEE'S NOTICE OF
APPLICATION AND APPLICATION TO
1) EMPLOY BRIGHT AND BROWN AS
SPECIAL OIL, GAS AND
ENVIRONMENTAL COUNSEL FOR THE
TRUSTEE AND 2) APPROVE
ENGAGEMENT LETTER AND FEE
AGREEMENT; AND STATEMENT OF
DISINTERESTEDNESS**

[No Hearing Required]

**TO THE HONORABLE MARTIN BARASH, UNITED STATES BANKRUPTCY JUDGE,
AND INTERESTED PARTIES:**

PLEASE TAKE NOTICE THAT Michael A. McConnell, the Chapter 11 trustee (the
"Trustee" or "applicant") of the estate of HVI Cat Canyon, Inc. (the "debtor"), will and hereby does

1 move the Court for an order authorizing him to employ Bright and Brown ("Bright and Brown" or
2 the "Firm") as special oil, gas and environmental counsel for the Trustee and approve a written
3 engagement letter and fee agreement, at the expense of the estate, effective as of November 11,
4 2019 (the "application").

5 The Trustee believes that good cause exists to employ the Firm as his oil, gas, and
6 environmental consultant in this case. The Trustee needs the services of the Firm to advise the
7 Trustee regarding matters of California oil, gas and environmental laws and regulations, in
8 particular, the Trustee's responsibilities, rights and remedies in this case, and other matters
9 pertaining to this case. The Firm has substantial experience and expertise regarding matters of
10 California and federal oil, gas and environment law and is well-qualified to represent the Trustee.
11 The Trustee submits that terms of their proposed retention in this case are reasonable.

12 Applicant respectfully requests that the Court enter an order authorizing the Trustee, based
13 upon the foregoing and pursuant to Section 327(a) of the Bankruptcy Code and Rule 2014(a) of the
14 Federal Rules of Bankruptcy Procedure, to employ the Firm as his special oil, gas, and
15 environmental counsel, effective as of November 11, 2019, with compensation of the Firm to be in
16 accordance with the terms set forth herein and approve the engagement letter and fee agreement.
17 See Exhibit "4".

18 The Trustee submits this application pursuant to Federal Rules of Bankruptcy Procedure
19 ("FRBP") 2014 and Local Bankruptcy Rules ("LBR") 2014-1(b) and 9013-1.

20 The application is based upon this notice of application, the attached Memorandum of
21 Points and Authorities, the attached Statement of Disinterestedness, the complete files and records
22 of this case, and such other evidentiary matters as may be presented to the Court.

23 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013
24 1(o)(1)(A)(ii), any objection and request for hearing must be in writing and must be filed and
25 served within fourteen (14) days after of the date of mailing of this Notice, plus an additional 3
26 days if this notice of motion was served by mail or pursuant to Fed. R. Civ. P. 5(b)(2)(D) or (F).
27 The response or opposition to the application shall be filed with the Bankruptcy Court and served
28 on the United States Trustee, at 1415 State Street, Suite 148, Santa Barbara, CA 93101, and

1 counsel for the Trustee, Eric P. Israel, at 1901 Avenue of the Stars, Suite 450, Los Angeles, CA
2 90067-6006.

3 If you fail to file a written response within fourteen days of the date of the service of this
4 notice, plus an additional 3 days if this notice of motion was served by mail or pursuant to Fed. R.
5 Civ. P. 5(b)(2)(D) or (F), the Court may treat such failure as a waiver of your right to oppose the
6 application and may grant the requested relief.

7
8 DATED: December 5, 2019

DANNING, GILL, ISRAEL & KRASNOFF, LLP

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10 By: 

11 ERIC P. ISRAEL

12 General Counsel for Michael A. McConnell,
13 Chapter 11 Trustee

14 MAILING DATE: December 5, 2019
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APPLICATION

Michael A. McConnell, the Chapter 11 trustee (the “Trustee” or “applicant”) for the estate of HVI Cat Canyon, Inc. (the “debtor”), hereby applies for entry of an order under 11 U.S.C. § 327(a) authorizing the employment and retention of Bright and Brown (“Bright and Brown” or the “Firm”) as his oil, gas, and environmental consultant for the trustee, effective as of November 11, 2019, and approve the proposed engagement letter and fee agreement as follows:

A. Bankruptcy Facts

On July 25, 2019 (the “Petition Date”), the debtor commenced this case by filing a voluntary petition for relief under Chapter 11 of title 11 of the United States Code (the “Code”). The case was originally filed in the Southern District of New York. The case was transferred to the Northern District of Texas, and then later to the Central District of California.

The debtor initially operated its business as a “debtor in possession,” until on or about October 16, 2019, when the Court entered its *Agreed Order Granting Motion for Appointment of a Chapter 11 Trustee*. On or about October 21, 2019, the U.S. Trustee appointed Michael A. McConnell as the Chapter 11 Trustee for the debtor’s estate. On or about October 22, 2019, the Court entered an order approving the appointment of Michael A. McConnell as the Chapter 11 trustee in this case.

The debtor is a Colorado corporation authorized to conduct business in the State of California. It is the owner and operator of producing oil and gas interests in State of California. According to the debtor, it “owns an approximately 100% working interest and an average 85% net revenue interest in over 1,000 oil wells in the Santa Maria Valley of Santa Barbara County, North Belridge in Kern County, and Richfield East Dome Unit in Orange County.”¹ The debtor’s assets include over 1,000 oil wells, many of which are idle. The debtor employs approximately 50 individuals. The debtor has a long history of violations and issues with regulatory agencies, consisting of federal, state and local county agencies.

¹ Docket no. 16, pp. 1-2, ¶ 2.

1 The debtor on its schedules listed secured claims in favor of several entities, including a
2 senior lien against all of its assets in favor of UBS, LLC (“UBS”). UBS advises that its lien
3 aggregates over \$120 million. In contrast, the Trustee is advised that the Court recently found that
4 the debtor’s assets were worth between \$50 million and \$75 million at a cash collateral hearing.

5 The Court recently approved a post-petition, partially committed loan facility of \$3 million
6 for the Trustee to borrow funds from UBS covering the first 5 weeks of the Trustee’s operations,
7 and related cash collateral use under a proposed budget. The Trustee is negotiating with UBS for a
8 second such loan. The budget will include a figure for special oil, gas and environmental counsel.
9 The Trustee has also filed a motion for permission to pay the professionals of the Trustee and the
10 Committee in accord with the professional fee notice procedures (*docket no. 511*) (the “Fee
11 Procedures Motion”).

12 The debtor is a party to numerous key contracts with affiliates, including providing it office
13 and administrative services, trucking services, diluent purchases and sale of its product.

14 The debtor’s schedules disclose that it has at least 160 leases of oil and gas interests, and
15 right-of-way and other interests. The debtor’s statement of affairs also discloses two pending
16 lawsuits involving environmental and safety regulations described as (1) Department of
17 Conservation, Division of Oil, Gas and Geothermal Resources v. HVI Cat Canyon, Inc., Appellant,
18 Case No. 119C, Director's Office of Appeals, California Department of Conservation; and (2) U.S.,
19 et al v. HVI Cat Canyon, Inc., Case No. CV 11-05097 FMO (SSx), U.S. District Court, Central
20 District of California (collectively the “Compliance Lawsuits”). Both of the Compliance Lawsuits
21 are proceeding notwithstanding the automatic stay in light of the governments’ claims that they fall
22 within the health and safety exceptions to the automatic stay, and both are under submission before
23 their respective courts.

24 As set forth below, by this application, the Trustee seeks to employ Bright and Brown as his
25 special oil, gas and environmental counsel, to assist the Trustee with respect to legal issues
26 regarding various matters that have or will arise in the administration of the debtor’s estate
27 including, without limitation, the matters detailed below.

1 **B. The Proposed Retention of Special Oil, Gas and Environmental Counsel for the**
2 **Trustee**

3 Applicant determined upon his investigation that it is necessary and appropriate to retain
4 special oil, gas and environmental counsel to assist and advise applicant with respect to legal issues
5 and various matters including, without limitation, the following:

6 a. advise the Trustee on legal issues arising in the case involving federal and
7 California oil, gas and environmental laws;

8 b. as needed, advise the Trustee in connection with possible outcomes of the
9 Compliance Lawsuits;

10 c. advise the Trustee on oil and gas, and environmental issues that may arise in
11 his operation of the debtor's business; and

12 d. advise the Trustee on oil and gas, and environmental issues that may arise in
13 connection the Trustee's eventual sale of assets or confirmation of a plan.

14 At this time, all of the funds on hand are cash collateral of UBS. The Court
15 recently approved a borrowing and 5 week cash collateral budget. The next budget will include a
16 line item in the carve-out for special oil, gas and environmental counsel, subject to Court approval.
17 If approved, the Fee Payment Motion will also apply to Bright and Brown.

18 Bright and Brown has agreed to represent the Trustee, effective as of November 11,
19 2019. No retainer is proposed for this engagement.

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21 **C. The Firm's Qualifications and Services to be Rendered**

22 Bright and Brown specializes in oil and gas, and environmental law in California. The Firm
23 is well able to perform the required legal services for this proposed special engagement. Bright and
24 Brown's breadth of experience and length of service in the legal community is described in its firm
25 resume, a copy of which is attached as Exhibit "1" to the Statement of Disinterestedness (the
26 "Statement"), filed with this Application and incorporated herein.

27 The Trustee is in the process of retaining Danning, Gill, Israel & Krasnoff, LLP ("Danning-
28 Gill") as his general bankruptcy counsel. However, Danning-Gill is not experienced in oil and

1 gas, and environmental law, which is a specialty area of the law. Counsel will ensure that there is
2 no duplication of effort between those firms and any other counsel that the Trustee may need to
3 seek to retain.

4 The lawyers affiliated with Bright and Brown have substantial experience in both state and
5 federal courts and transactional law in the oil and gas, and environmental areas. Bright and Brown
6 will comply with the Bankruptcy Code and all applicable rules in this bankruptcy case, with the
7 assistance of Danning-Gill as needed.

8 As of the date of the application, to the best of applicant's knowledge and after
9 consideration of the disclosures in the attached Statement, applicant believes that the Firm and all
10 of its partners and associates are disinterested persons as that term is defined in 11 U.S.C.
11 §101(14), and neither the Firm nor any partners or associates of the Firm are connected with
12 applicant, the debtor, debtor's creditors, any other party in interest, their respective attorneys and
13 accountants, or to this estate, and has no relation to any bankruptcy judge presiding in this district,
14 the Clerk of the Court or any relation to the United States Trustee in this district, or any person
15 employed at the Court or the Office of the United States Trustee, nor does the Firm or its attorneys
16 represent or hold an adverse interest with respect to the debtor, any creditor, or to this estate, except
17 to the extent that (i) in 2003 the Firm represented Gus Cassinos, Warren G. Mercer, Betty Hoover,
18 Linda Berry, Stephen Dennis Mercer, Patricia Amstutz, Muriel C. Pyburn, Thomas A. Cannon and
19 Raedine M. Cannon, co-trustees of the Cannon Family Trust; Tina T. Del Piero and H. Lynn
20 Tomlinson, co-trustees of the Tomlinson Sisters Trust; Richard Campbell, June Louis Semone,
21 Casey C. Silvey, trustee of the Casey Silvey Trust, Muriel E. Sparks, Boyd Berlind, Toupe Worrell,
22 and Dennis Berry, who at that time constituted the "Escolle Tenants-In-Common," in an action
23 against Greka Oil & Gas, Inc. (formerly known as Greka SMV, Inc.), which matter was settled in
24 2004, (ii) in 2004 the Firm represented Wells Fargo Bank, N.A., as trustee of various trusts, in an
25 action against Greka Oil & Gas, Inc. and Greka SMV, Inc., (among other defendants) which matter
26 was settled in 2008, (iii) in 2010 the Firm represented Wells Fargo Bank, N.A., as trustee of
27 various trusts, in an action against Greka Oil & Gas, Inc., (among other defendants) which matter
28 was settled in 2012, (iv) the firm has provided legal services to Victory Oil Company in the past,

1 and Victory Oil is listed on the debtor's list of 20 largest creditors but is not currently providing
2 legal services to Victory Oil Company, and (v) the Firm was merged with Andrews & Kurth in
3 1989, and demerged in 1991 and Andrews & Kurth is also on the list of 20 largest creditors. In
4 addition, the firm is aware that Chevron U.S.A., Inc. had substantial oil and gas interests in Santa
5 Barbara County, California at one point in time, and the Firm would not be able to undertake any
6 representation adverse to Chevron U.S.A., Inc. If an actual conflict should arise in the future as to
7 any of the foregoing, or otherwise, Bright and Brown will ask the Trustee to retain another firm to
8 handle the matter.

9
10 **D. Terms of Proposed Employment**

11 The Firm will render services to the Trustee at the Firm's regular hourly rates, which may
12 be subject to adjustment from time to time. The current hourly rates are set forth in Exhibit "2" to
13 the Statement of Disinterestedness. The Trustee and Firm have agreed, subject to the Court's
14 approval, to the terms of the Firm's employment in the case.

15
16 **E. Proposed Terms of Payment**

17 The Trustee has filed the Fee Procedures Motion to authorize the following procedures,
18 which mirror the provisions of the Guide to Application for Employment of Professionals and
19 Treatment of Retainer promulgated by the Office of the United States Trustee (the "Fee Guide"),
20 for the Trustee and all of his professionals (including the Firm and counsel for the Committee) to
21 receive payments of the firm's accruing fees and costs on a monthly basis. *Docket no. 511.*

22 1. The Firm will file a copy of the Firm's monthly billing statements itemizing
23 the fees and costs incurred by the Firm on behalf of the Trustee during the preceding month
24 ("Professional Fee Statement"), and will serve copies of the Professional Fee Statement
25 upon the Debtor, the U.S. Trustee, those parties who request special notice in the Debtor's
26 case, and upon any counsel for an official committee of unsecured creditors ("Committee")
if a Committee is appointed by the U.S. Trustee in this case and the Committee employs
counsel, or, if not appointed, upon the creditors holding the 20 largest general unsecured
claims in this case.

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2 2. If no objection to the Professional Fee Statement is filed and served within
3 ten (10) days after the service of the Professional Fee Statement, the Trustee shall pay to the
4 Firm, from available free and clear or designated funds, 80% of such fees and costs, without
5 further notice, hearing or order of the Court. If a written objection to the Professional Fee
6 Statement is filed by a party-in-interest, the Trustee will not pay to the Firm the amount of
7 the disputed funds, until the objection has been resolved by the Court. Notwithstanding any
8 objection to a Professional Fee Statement, the Firm may be paid any undisputed amount of
9 fees and costs represented by a Professional Fee Statement.

10 3. No fees or costs paid to the Firm pursuant to the proposed monthly payment
11 procedures will be deemed to be allowed by the Court. No failure by any creditor or party-
12 in-interest to object to any Professional Fee Statement will be deemed to be a waiver of any
13 objection to the Firm's fees and costs represented by such Professional Fee Statement. Any
14 such objection will be reserved and may be asserted by any creditor or other party-in-
15 interest in connection with the filing of any fee application by the Firm. No fees or costs of
16 the Firm will be deemed to be allowed in this case, except only pursuant to an order of the
17 Court with respect to a fee application filed by the Firm after notice and hearing.

18 The Firm intends to apply to this Court for compensation in conformity with the
19 requirements of Bankruptcy Code Sections 330 and 331. The Firm understands that its
20 compensation in the debtor's case will be subject to the approval of the Court. Any interim
21 payments paid to the Firm pursuant to the proposed monthly payment procedure will still be
22 subject to allowance by the Court, upon appropriate application and noticed hearing.

23 Periodically throughout the case, the Firm will file appropriate interim fee applications and
24 eventually a final fee application, seeking final allowance of all fees and costs. Upon allowance of
25 such fees and costs, the Trustee will pay to the Firm the difference between the amounts allowed to
26 the Firm and any interim compensation paid to the firm. The Firm understands and agrees that, if
27 aggregate interim payments made to the Firm exceed the amount that is ultimately allowed to the
28 Firm, the Firm will be required to, and will, promptly repay to the Trustee such difference.

29 **F. General Provisions/Disclosures**

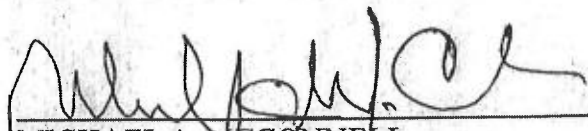
30 There will be no written employment agreement between applicant and Bright and Brown,
31 apart from the engagement agreement (See Exhibit "4"), this application and the order entered upon
32 this application. The only source of payment of compensation for Bright and Brown will be from
33 this estate, as may be approved and ordered paid by the Court after notice and hearing. No retainer

1 has been paid or will be paid to Bright and Brown.
2

3 **G. Prayer**

4 WHEREFORE, applicant prays the Court to enter its order authorizing him to employ
5 Bright and Brown as his special oil, gas and environmental counsel, effective as of November 11,
6 2019, as an administrative expense in this bankruptcy case, to approve the engagement letter and
7 fee agreement, and for such other and further relief as may be determined just and proper.
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9 DATED: December 4, 2019

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11 MICHAEL A. MCCONNELL
12 Chapter 11 Trustee
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**STATEMENT OF DISINTERESTEDNESS FOR EMPLOYMENT
OF PROFESSIONAL PERSON UNDER F.R.B.P. 2014**

1. Name, address and telephone number of the professional ("the Professional" or "the Firm") submitting this Statement:

Bright and Brown
550 North Brand Blvd., Suite 2100
Glendale, CA 91203
T: 818-243-2121
F: 818-243-3225

Attached hereto as Exhibit "1" and incorporated by reference herein, is a copy of the resume for the Firm.

2. The services to be rendered by the Professional in this case are (specify): See page 6 within the Application.

3. The terms and source of the proposed compensation and reimbursement of the Professional are (specify): See pages 8 through 9 of the within Application. See Exhibit "2" for 2019 rates.

4. The nature and terms of retainer (i.e., nonrefundable versus an advance against fees) held by the Professional are (specify): None

5. The investigation of disinterestedness made by the Professional prior to submitting this Statement consisted of (specify): Conflicts check of 20 largest creditors and parties who have appeared in the case.

6. The following is a complete description of all of the Professional's connections with the debtor, principals of the debtor, insiders, the debtor's creditors, any other party or parties in interest, and their respective attorneys and accountants, the United States Trustee or any person employed in the Office of the United States Trustee (specify, attaching extra pages as necessary):

None, except to the extent noted on page 7-8 of the within application.

7. The Professional is not a creditor, an equity security holder or an insider of the debtor, except as follows (specify, attaching extra pages as necessary): None

8. The Professional is not and was not, within two (2) years before the date of the filing of the petition herein, a director, officer or employee of the debtor.

9. The Professional neither holds nor represents any interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason, except as follows (specify, attaching extra pages as necessary): None

1 10. Name, address and telephone number of the person signing this Statement on behalf
2 of the Professional and the relationship of such person to the Professional (specify):

3 Bright and Brown, Partner
4 550 North Brand Blvd., Suite 2100
5 Glendale, CA 91203
6 T: 818-243-2121
7 F: 818-243-3225

8 11. The Professional is not a relative or employee of the United States Trustee or a
9 Bankruptcy Judge, except as follows (specify, attaching extra pages as necessary):

10 None

11 12. Total number of attached pages of supporting documentation: 11

12 13. After conducting or supervising the investigation described in Paragraph 5 above, I
13 declare under penalty of perjury under the laws of the United States of America, that the foregoing
14 is true and correct except that I declare that Paragraphs 6 through 11 are stated on information and
15 belief.

16 Executed on December 3, 2019, at Glendale, California.

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JAMES S. BRIGHT

EXHIBIT "1"

Bright and Brown

Resume

Since its inception in 1981, the law firm of Bright and Brown has specialized in complex business and commercial litigation. The firm's areas of expertise in litigation include a variety of business torts and contract disputes as well as extensive experience in environmental and energy matters. While business and commercial litigation is the core of the firm's practice, the firm also has a high level of expertise representing clients in energy and real estate-related transactions, administrative proceedings relating to land use and environmental regulation and compliance.

The firm has enjoyed extensive representation of major and independent oil and gas companies and utilities. The firm's expertise in these areas include extensive transactional work, litigation, environmental issues, property tax disputes, specialized title work and land use matters. The firm has extensive technical experience in the area of petroleum engineering, geology, environmental assessment and other engineering disciplines.

The firm has had multiple jury verdicts among the ten largest in the state and has numerous reported appellate decisions in the energy and environmental areas.

The firm's partners have substantial experience in both state and federal courts at the trial and appellate levels. Certain members of the firm also have substantial experience with methods of alternative dispute resolution, including arbitration, mediation and private settlement conferences.

Bright and Brown has decades of litigation and transactional expertise representing clients in connection with energy-related issues, including contractual negotiations, due diligence, litigation, dispute resolution, and regulatory compliance. The firm has extensive experience litigating energy-related disputes, as well as drafting and negotiating many types of energy-related agreements, such as oil and gas leases, drilling and operating agreements, joint development agreements, unit agreements, water disposal agreements, purchase and sale agreements, farmout agreements, pipeline agreements, cogeneration agreements, power purchase agreements, purchase and sale agreements, easements, ground leases, licenses and the like. In connection with its energy practice, Bright and Brown has represented many oil and gas companies, from small independent companies to large multi-national energy corporations, major utilities, and large commercial and residential developers. The firm also provides advice to businesses involved in exploring, discovering, acquiring, developing, and producing oil and gas resources in California and utilities in connection with their fuel acquisitions and transportation arrangements.

Below are a few examples of successful results obtained for our clients with respect to energy and oil and gas matters:

- Bright and Brown represented an independent oil company in litigation against a major oil company with respect to a joint development agreement for breach of contract and usury claims. Bright and Brown obtained a favorable settlement that resolved all of the disputes and included future rights and performance obligations valued at several hundred million dollars.
- Bright and Brown represented a major oil company in an arbitration matter against a large utility and obtained a multi-million dollar arbitration award for breach of contract and fraud claims based upon a long term gas sales agreement.

- Bright and Brown represented an independent oil company in an arbitration matter against a group of other independent oil companies for claims asserted over the unlawful drainage of substantial volumes of oil and gas. Bright and Brown obtained a very favorable multi-million dollar arbitration award for its client.
- Bright and Brown defended a major oil company in litigation against claims asserted by an independent oil company and large insurance company that funded a joint venture managed by that independent oil company in which the plaintiff joint-venture alleged theft of oil and gas prospects and other intellectual property and property interests. Bright and Brown obtained a very favorable settlement for its client.
- Bright and Brown represented an international oil company in an arbitration matter with respect to breach of contract claims against another international oil company based upon a joint development agreement for a large oil field in Alaska. Bright and Brown obtained an arbitration award in favor of its client affecting multi-million dollar rights to extract gas.
- Bright and Brown represented an international oil company in a litigation against a city with respect to a pipeline right of way, the outcome of which was critical to the operation of the client's refinery and threatened potential losses estimated at several hundred million dollars. Bright and Brown obtained injunctive relief permitting the refinery to continue operations pending resolution of the dispute and then negotiated a favorable settlement for its client for a minimal annual right-of-way fee.
- Bright and Brown represented a major utility in its sale of one of the largest geothermal power plants in California to an independent power generator.
- Bright and Brown assisted a major utility in its negotiations with an international contractor to remove spent fuel from wet storage at a nuclear power plant to dry storage.
- Bright and Brown represented a major utility in its acquisition of undivided interests in several natural gas transmission pipelines serving the State of California.
- Bright and Brown has represented a major utility in negotiating multiple operation and maintenance agreements under which independent contractors operate different power plants for the utility.
- Bright and Brown represented an independent oil company in connection with a multi-party purchase and sale transaction involving a major national utility and subsequent conversion of a coal-fired cogeneration plant to a biomass plant.
- Bright and Brown represented a private landowner in the cleanup, remediation, and regulatory closure of a large oil and gas property and the subsequent sale of that property for increased value to a national residential developer.
- Bright and Brown routinely represents large mineral interest owners in connection with the sale or leasing of their mineral interests.

The firm's offices are located in Glendale, California, approximately ten miles north of downtown Los Angeles.

EXHIBIT "2"

BRIGHT AND BROWN

2019 SCHEDULE OF RATES, FEES AND CHARGES

1. Attorney Fees

Attorney	Hourly Rate
James S. Bright	\$900
Maureen J. Bright	\$900
Brian L. Becker	\$750
Kristin G. Taylor	\$750
John Quirk	\$725
MacKenzie E. Hunt	\$665
8th Year Associate	\$550
7th Year Associate	\$510
6th Year Associate	\$485
5th Year Associate	\$465
4th Year Associate	\$450
3rd Year Associate	\$420
2nd Year Associate	\$400
1st Year Associate	\$380
Senior Paralegal	\$175
Paralegal	\$125

2. Transportation

Air	Actual cost
Ground Transportation	Actual cost
Personal Car	Current IRS mileage rate
Parking	Actual cost

3. Meals and Lodging

Actual cost

EXHIBIT “3”

4. Communications

Long Distance Telephone	No charge
Facsimile	No charge

Postage	Actual cost
Delivery Services	Actual cost

5. Miscellaneous

Matter-Specific Specialized IT Services/Litigation Support	\$125/hr.
Electronic Research	No charge
Printing and Binding	Actual cost
Photocopying	No charge for small jobs; outside services are used for large jobs and are charged at the actual cost
Court Fees	Actual cost
Court Reporters	Actual cost
Deposition Transcripts	Actual cost
Expert Witness Fees	Actual cost
Secretarial Overtime	No charge
Word Processing	No charge
Normal Office Supplies and Materials	No charge

EXHIBIT “4”

BRIGHT AND BROWN

ATTORNEYS AT LAW

550 N. Brand Blvd., Suite 2100
Glendale, CA 91023
Telephone: (818) 243-2121

WRITER'S E-MAIL:
JBRIGHT@BRIGHTANDBROWN.COM

November 11, 2019

**PRIVILEGED AND CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION**

VIA E-MAIL AND FEDEX

Michael A. McConnell, Chapter 11 Trustee
Michael.McConnell@kellyhart.com
201 Main Street, Suite 2500
Fort Worth, Texas 76102
Telephone: (817) 878-3569
Facsimile: (817) 878-9769

Re: Engagement Letter And Fee Agreement

Gentlemen:

This Engagement Letter and Fee Agreement ("Agreement") is to confirm the terms of the engagement of Bright and Brown ("Firm") by Michael A. McConnell, the Chapter 11 trustee (the "Trustee") of the estate of HVI Cat Canyon, Inc., as special oil, gas and environmental counsel for the Trustee in California (the "Contemplated Representation"). Pursuant to California law, and in order to avoid any misunderstandings regarding the Firm's Contemplated Representation, this Agreement sets forth the basic terms of our relationship.

1. The Contemplated Representation. To provide legal advice and counsel to the Trustee with respect to legal issues and various matters including, without limitation, the following:

- a. advise the Trustee on legal issues arising in the case involving federal and California oil, gas and environmental laws;
- b. as needed, advise the Trustee in connection with possible outcomes of the Compliance Lawsuits;

**PRIVILEGED AND CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION**

Michael A. McConnell, Chapter 11 Trustee
November 11, 2019
Page 2

- c. advise the Trustee on oil and gas, and environmental issues that may arise in his operation of the debtor's business; and
- d. advise the Trustee on oil and gas, and environmental issues that may arise in connection the Trustee's eventual sale of assets or confirmation of a plan.

2. Potential Conflicts. Based on information provided by the Trustee respecting the Contemplated Representation and our understanding of the scope of the legal services that will entail, the Firm has undertaken our normal investigation of client conflicts and potential conflicts. The result of this investigation is that we are not aware of any conflicts or potential conflicts that would preclude the Firm from undertaking the Contemplated Representation at the present time. However, both the Trustee and the Firm understand and recognize the possibility that circumstances can arise in the future where the California Rules of Professional Conduct may preclude the Firm from continuing to provide legal representation to the Trustee as to a divisible portion or potentially even the entirety of the scope of legal services that the Contemplated Representation entails. Nothing in this Agreement is intended to require or permit the Firm to represent the Trustee if and to the extent the Firm becomes unable to do so under the California Rules of Professional Conduct.

3. Engagement. The Trustee hereby engages the Firm to represent the Trustee in connection with the Contemplated Representation. James S. Bright will be the attorney within the Firm primarily responsible for the Contemplated Representation. If and when it is professionally and economically appropriate to do so, the Firm may also ask other attorneys or paralegals of the Firm to assist in the Contemplated Representation, and will promptly advise the Trustee of both who and why such other attorneys or paralegals are being asked to provide such assistance.

4. Scope Of Services. The Firm will provide professional services to the Trustee in connection with the Contemplated Representation. We will keep the Trustee informed of significant developments in connection with the Contemplated Representation and respond to inquiries from the Trustee. Although we make no guarantee of any specific outcome, we will fully devote ourselves within the scope of the Contemplated Representation to the protection and promotion of the Trustee's interests, consistent with the demands of professional ethics.

5. Fees And Costs Advanced. The Trustee shall pay to the Firm, as the Trustee's attorneys, our hourly fees for services actually performed in the course of the Contemplated Representation. Costs, necessary disbursements and reasonable expenses incurred by the Firm in representing the Trustee also are to be borne by the Trustee, and may be advanced by the Firm, subject to reimbursement to be paid promptly when billed to the Trustee, which reimbursement shall be in addition to hourly fees. The Firm's current (2019) hourly rates for services actually

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performed and other standard rates, charges and fees are set forth in the enclosure to this Agreement titled "2019 Bright and Brown Schedule of Rates, Fees and Charges." Those hourly rates will remain the same for 2020, but will likely increase effective January 1, 2021, and on January 1 each year thereafter for all of our clients, including the Trustee.

The Firm's statements will clearly state the basis for our fee calculation and also will identify and describe all costs advanced by us on your behalf and to be reimbursed. Our statements identify the services performed by each attorney each day and the total number of hours expended by that attorney during the day in performing those services, with time charged in increments of one-tenth of an hour. Our practice will be to send monthly statements for services performed and costs advanced during the preceding calendar month. However, you may request a statement at any time. Within ten (10) days following such a request, we will provide a statement to you reflecting fees and services performed and costs advanced from the closing date of the immediately-preceding statement through and including the date of the requested statement. You are entitled to make similar requests at intervals of no less than thirty (30) days following an additional request for a statement.

6. Payment. Payment to the Firm is governed by the terms of the Trustee's Application to Employ the Firm (the "Application to Employ") filed in the Bankruptcy Court in the case of HVI Cat Canyon, Inc., Case No. 9:19-bk-11573-MBS.

7. The Trustee's Responsibilities. The Trustee has the responsibility to extend its reasonable assistance and cooperation to the Firm in the course of the Contemplated Representation.

8. Termination Of And/Or Withdrawal From Services. The Trustee may discharge the Firm at any time. The Firm may withdraw either with the Trustee's consent or for good cause. Good cause includes, but is not limited to, the failure to pay legal fees of the Firm and costs advanced by the Firm, the Trustee's breach of this Agreement, the Trustee's refusal to cooperate with the Firm or to follow the Firm's advice on a material matter, or any fact or circumstance that would render the Firm's continuing representation unlawful or unethical.

9. Client Contact(s). The Trustee will designate the individuals who will serve as the Trustee's point(s) of contact with the Firm relative to the Contemplated Representation, which designation the Trustee may change at any time and from time to time by written notice to the Firm. Unless and until directed otherwise by the Trustee in writing, the Firm will consult with and take its directions relative to our performance of services in the Contemplated Representation from the following individuals who are authorized by the Trustee to consult with and direct the Firm relative to the same: Michael A. McConnell and Eric P. Israel.

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10. Representation Re Authority. The Trustee represents and warrants to the Firm that the Trustee has been duly authorized to enter into this Agreement on behalf of the Trustee, and that the individual signing this Agreement on behalf of the Trustee has been duly authorized to sign this Agreement and bind the Trustee to all of its terms, provisions and conditions.

11. Entire Agreement. This Agreement embodies the entire agreement and understanding between the Trustee and the Firm concerning the Contemplated Representation, and shall be governed by the laws of the State of California and the United States of America. This Agreement is subject to approval by the Bankruptcy Court in the case of HVI Cat Canyon, Inc., Case No. 9:19-bk-11573-MBS, and subject to the terms provided in the Application to Employ filed therein.

12. Disputes To Be Resolved By Bankruptcy Court. Should any dispute arise between the Trustee and the Firm, the dispute shall be resolved as follows:

The Firm and the Trustee mutually agree that if any legal action or proceeding is initiated concerning the terms or provisions of this Agreement, any such legal action or proceeding shall be brought in the United States Bankruptcy Court in relation to bankruptcy case of HVI Cat Canyon, Inc., Case No. 9:19-bk-11573-MB, and that the laws of California and the United States of America shall apply.

If this Agreement is acceptable to the Trustee, we ask that you return to us in the enclosed envelope an appropriately signed and dated copy of this Agreement. By signing this Engagement Letter and Fee Agreement, the Trustee is agreeing to the Firm's Contemplated Representation of the Trustee on the terms and conditions, and with the understandings, set out above. If the Trustee has any questions or concerns regarding this Agreement, we recommend that you consult with your independent legal counsel.

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Please do not hesitate to call if you have any questions concerning the content of this Agreement or its attachments and enclosures, or if you wish to discuss any of these matters further.

Very truly yours,

James S. Bright

JSB:cs
Enclosure

The foregoing Engagement Letter and Fee Agreement is accepted and agreed upon this ____ day of _____, 2019.

Michael A. McConnell, Chapter 11 Trustee

By: _____
Name: _____
Title: _____

2019 SCHEDULE OF RATES, FEES AND CHARGES

1. Attorney Fees

Attorney	Hourly Rate
James S. Bright	\$900
Maureen J. Bright	\$900
Brian L. Becker	\$750
Kristin G. Taylor	\$750
John Quirk	\$725
MacKenzie E. Hunt	\$665
8th Year Associate	\$550
7th Year Associate	\$510
6th Year Associate	\$485
5th Year Associate	\$465
4th Year Associate	\$450
3rd Year Associate	\$420
2nd Year Associate	\$400
1st Year Associate	\$380
Senior Paralegal	\$175
Paralegal	\$125

2. Transportation

Air	Actual cost
Ground Transportation	Actual cost
Personal Car	Current IRS mileage rate
Parking	Actual cost

3. Meals and Lodging

Actual cost

4. Communications

Long Distance Telephone	No charge
Facsimile	No charge

Postage	Actual cost
Delivery Services	Actual cost

5. Miscellaneous

Matter-Specific Specialized IT	\$125/hr.
Services/Litigation Support	
Electronic Research	No charge
Printing and Binding	Actual cost
Photocopying	No charge for small jobs; outside services are used for large jobs and are charged at the actual cost
Court Fees	Actual cost
Court Reporters	Actual cost
Deposition Transcripts	Actual cost
Expert Witness Fees	Actual cost
Secretarial Overtime	No charge
Word Processing	No charge
Normal Office Supplies and Materials	No charge

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 1901 Avenue of the Stars, Suite 450, Los Angeles, CA 90067-6006.

A true and correct copy of the foregoing document entitled (*specify*): **CHAPTER 11 TRUSTEE'S NOTICE OF APPLICATION AND APPLICATION TO 1) EMPLOY BRIGHT AND BROWN AS SPECIAL OIL, GAS AND ENVIRONMENTAL COUNSEL FOR THE TRUSTEE AND 2) APPROVE ENGAGEMENT LETTER AND FEE AGREEMENT; AND STATEMENT OF DISINTERESTEDNESS** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On December 5, 2019, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page.

2. SERVED BY UNITED STATES MAIL: On December 5, 2019, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Debtor
HVI Cat Canyon, Inc.
c/o Capitol Corporate Services, Inc.
36 S. 18th Avenue, Suite D
Brighton, CO 80601

Debtor
HVI Cat CANYON, INC.
630 Fifth Avenue, Suite 2410
New York, NY 10111

☐ Service information continued on attached page.

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on December 5, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Served by Personal Delivery to be delivered by December 5, 2019
The Honorable Martin R. Bash
U.S. Bankruptcy Court
21041 Burbank Boulevard, Bin on 1st Floor outside entry to Intake Section
Woodland Hills, CA 91367

☐ Service information continued on attached page.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

December 5, 2019
Date

Vivian Servin
Printed Name

Signature

ADDITIONAL SERVICE INFORMATION (if needed):

1. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")

- **William C Beall** will@beallandburkhardt.com, carissa@beallandburkhardt.com
- **Alicia Clough** aclough@loeb.com, mnielson@loeb.com, ladocket@loeb.com
- **Marc S Cohen** mscohen@loeb.com, kyles@loeb.com
- **Alec S DiMario** alec.dimario@mhllp.com, debra.blondheim@mhllp.com; Syreeta.shoals@mhllp.com
- **Karl J Fingerhood** karl.fingerhood@usdoj.gov, efile_ees.enrd@usdoj.gov
- **H Alexander Fisch** Alex.Fisch@doj.ca.gov
- **Don Fisher** dfisher@ptwww.com, tblack@ptwww.com
- **Brian D Fittipaldi** brian.fittipaldi@usdoj.gov
- **Gisele M Goetz** gmgoetz@hbsb.com, ggoetz@collegesoflaw.edu
- **Karen L Grant** kgrant@silcom.com
- **Ira S Greene** Ira.Greene@lockelord.com
- **Matthew C. Heyn** Matthew.Heyn@doj.ca.gov, mcheyn@outlook.com
- **Brian L Holman** b.holman@musickpeeler.com
- **Eric P Israel** eisrael@Danning-Gill.com, danninggill@gmail.com; eisrael@ecf.inforuptcy.com
- **Razmig Izakelian** razmigizakelian@quinnemanuel.com
- **Alan H Katz** akatz@lockelord.com
- **John C Keith** john.keith@doj.ca.gov
- **Jeannie Kim** jkim@friedmanspring.com
- **Brian M Metcalf** bmetcalf@omm.com
- **David L Osias** dosias@allenmatkins.com, bcrfilings@allenmatkins.com, kdemorest@allenmatkins.com, csandoval@allenmatkins.com
- **Darren L Patrick** dpatrick@omm.com, darren-patrick-1373@ecf.pacerpro.com
- **Jeffrey N Pomerantz** jpomerantz@pszjlaw.com
- **Todd C. Ringstad** becky@ringstadlaw.com, arlene@ringstadlaw.com
- **Mitchell E Rishe** mitchell.rishe@doj.ca.gov
- **Daniel A Solitro** dsolitro@lockelord.com, ataylor2@lockelord.com

- **Ross Spence** ross@snowspencelaw.com,
janiss herrill@snowspencelaw.com; donnasutton@snowspencelaw.com; brittanyDecoteau@snowspencelaw.com
- **Christopher D Sullivan** csullivan@diamondmccarthy.com,
mdomer@diamondmccarthy.com; kmartinez@diamondmccarthy.com
- **Jennifer Taylor** jtaylor@omm.com
- **John N Tedford** jtedford@Danning-Gill.com,
danninggill@gmail.com; jtedford@ecf.inforuptcy.com
- **Salina R Thomas** bankruptcy@co.kern.ca.us
- **Patricia B Tomasco** pattytomasco@quinnemanuel.com,
barbarahowell@quinnemanuel.com; cristinagreen@quinnemanuel.com
- **Fred Whitaker** lshertzer@cwlawyers.com
- **William E. Winfield** wwinfield@calattys.com, scuevas@calattys.com
- **Emily Young** pacerteam@gardencitygroup.com,
rjacobs@ecf.epiqsystems.com; ECFInbox@epiqsystems.com

2. SERVED BY UNITED STATES MAIL:

20 LARGEST CREDITORS

Santa Barbara County Treasurer-Tax
Collector
105 E. Anapamu St., Suite 109
Santa Barbara, CA 93102

Allen Matkins Leck Gamble
865 South Figueroa Street
Suite 800
Los Angeles, CA 90017-2543

Diamond McCarthy LLP
909 Fannin Street
37th Floor Two Houston Center
Houston, Texas 77010

Santa Barbara County-APCD
260 NORTH SAN ANTONIO RD.,
SANTA BARBARA, CA 93110

Akin Gump Straus Hauer & Feld
1999 Avenue of the Stars
Suite 600
Los Angeles, CA 90067

Santa Barbara County P&D
123 East Anapamu Street
Santa Barbara, CA 93101

W. J. Kenny Corp.
C/O Allfirst Bankcorp Trust do M&T
Bank
One M&T Plaza
Buffalo, NY 14203

PG&E
77 Beale St
San Francisco, CA 94177

Ann Jenny Schupp
CIO M H Whittier Corp.
1600 Huntington Drive
South Pasadena, CA 91030

William W. Jenny Jr.
5101 East Camino Alisa
Tucson, AZ 85718

J. P. Morgan-Chase
Attn: Michael Kemey
450 West 33rd Street, 15th Floor
Ref: 030057 Nassau Assoc-Saba
New York, NY 10041

WEST COAST WELDING &
CONSTR. I
2201 Celsius Avenue Suite B
Oxnard, CA 93030

Sherrill A. Schoepe
14974 Adams Dr.
Pauma Valley, CA 92061

Andrew Kurth LLP
600 Travis Suite 4200
Houston, TX 77002

Larsen O'Brien LLP
555 South Flower
Suite 4400
Los Angeles, CA 90071

Victory Oil
222 West 6th Street, Suite 1010
San Pedro, CA 90731

California Department of
Conservation
801 K Street
Sacramento, CA 95814

Diane T. Walker
748 Oceanville Road
Stonington, ME 04681-9714

Stoner Family Trust
James G. Sanford Trustee
100 West Liberty Street, Suite 900
Reno, NV 89501

Charles C. Albright Trustee
729 West 16th Street #B8
Costa Mesa, CA 92627

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Brian Corson
2990 Lichen Place
Templeton, CA 93465

Escolle Tenants in Common
215 N. Lincoln Street
Santa Maria, CA 93458
Attn: Vincent T. Martinez

Pacific Petroleum California, Inc.
POB 2646
Santa Maria, CA 93457

REQUESTS FOR SPECIAL NOTICE

Attorneys for Buganko
Philip W. Ganong
Ganong Law
930 Trustun Avenue, Suite 102
Bakersfield, CA 93301

Attorneys for Eller Family Trust
Cummins & White, LLP
Attn: Fred M. Whitaker, P.C.
Ashley Bolduc
2424 S.E. Bristol Street, Suite 300
Newport Beach, CA 92660

William Winfield
Nelson Comis Kettle & Kinney LLP
300 e. Esplanade Drive, Suite 1170
Oxnard, CA 93036